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Cuomo announces expansion of pension investigation

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An expanded probe into pension padding now targets the City of Buffalo and nine other

municipalities in Western New York.

State Attorney General Andrew M. Cuomo on Thursday announced his office sent letters to 25

municipal governments statewide, broadening the reach of the investigation with this new third

phase.

Among the latest targets are the towns of Tonawanda, Cheektowaga, West Seneca and Lancaster

and the villages of Depew and Kenmore in Erie County; the city of North Tonawanda in Niagara,

the city of Olean in Cattaraugus and the City of Dunkirk in Chautauqua.

Rochester, Syracuse, Binghamton and Schenectady were also part of the newest phase of the

investigation.

The timing is right for continuing to push the probe, Cuomo said, because the state is "in

the midst of an economic meltdown," and the increase in pension costs "is frightening and

staggering for the state."

"Yes, it's been going on for years, but our point is at one point enough is enough,"
Cuomo

said in the University at Buffalo Law School library. "It should have never gone on. It
should

have never been tolerated. It should have been stopped a long time ago, but now it
has to be

stopped."

The probe had already hit Western New York — Erie County and Roswell Park Cancer
Institute were among the 25 agencies and governments targeted in the initial phase of
the

probe announced March 18. With Thursday's announcement, the Attorney General's
office

contacted 64 state agencies and local governments across the state.

The attorney general's office on March 24 sent 11 letters to governments in Rockland
and

Westchester counties.

Pension padding occurs when employees nearing retirement boost their salaries by
working

large amounts of overtime in order to boost their pension payment.

A Buffalo News investigation conducted in 2008 and 2009 — "Public Pensions:
Cashing

In" — found a number of examples showing it's not uncommon for Buffalo police and
firefighters to retire with pensions that exceed their base pay.

In one example, a Buffalo police officer took in \$123,000 in overtime in his final year
on

the job, bringing his 2007 paycheck to \$188,747. The News' investigation found the
officer,

who had an annual base pay of \$58,248, retired with a \$105,631 annual pension.

The Erie County Sheriff's Office and Public Works Department also have had

employees who

pad their pensions, though some of the biggest pensions go to nonunion county employees.

The letters that have been sent went to government employers that have some of the highest

salary or pension payments or pension costs in the state, and seek payroll and related data

for pension recipients, Executive Deputy Attorney General Maria T. Vullo said.

The average annual public payment in the state is about \$25,000, while there are some

recipients who take in more than \$300,000, Vullo said.

"Our goal is to understand the extent of the problem and find ways to address it," she said.

The solution to the pension padding problem will likely require the State Legislature to

take action, Cuomo said. This type of activity is not happening equally in all parts of the

state, an occurrence the investigation will look to explain, he said.

All of New York's counties pay about \$500 million annually into the pension system, said

Stephen Acquario, executive director of the state Association of Counties, an organization

which supports Cuomo's investigation.

The biggest costs at the county level are Medicaid and pension payments, Acquario said, and

counties need to look at things outside the norm, when trying to trim costs.

In Medicaid, that means things like paying for brand name pharmaceuticals when a generic

equivalent is available, he said.

"If there are outliers in this system, driving up the costs unnecessarily that go

unreported, uninvestigated," he said, "we need to do something about it."

In the last 10 years, the pension contribution made by Erie County taxpayers has grown from

\$5 million to more than \$20 million, Comptroller Mark C. Poloncarz said.

In 2012, the estimated contribution from county taxpayers will be \$27 million, Poloncarz

said.

"These numbers don't lie," he said, "but a lot of these costs are out of the control of the

counties and the municipalities."

Comments

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